

Message Text

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ORIGIN EA-14

INFO OCT-01 ADP-00 MC-02 OMB-01 AID-20 CIAE-00 INR-10

NSAE-00 RSC-01 DODE-00 L-03 PM-07 EB-11 COME-00 IGA-02

TRSE-00 H-03 /075 R

DRAFTED BY EA/IMS:TJCHEAVNER:LRR

8/15/73 EXT 21236

APPROVED BY EA/IMS - THEODORE J.C. HEAVNER

EA/RA - CAPT. WARREN

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R 152109Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 161915

E.O. 11652: GDS

TAGS:MASS, MILL, ID

SUBJECT: SMALL ARMS FACILITY

REF: A. 9164

B. 156506

1. LOCKHEED REPRESENTATIVES MERSCH AND CAREY CALLED ON DEPTOFF AUGUST 15 TO OUTLINE PLANS FOR UPGRADING PINDAD ARSENAL TO PRODUCE AR-18. MERSCH PRODUCED COPY HASNAN HABIB LETTER TO PRILL (REF A) AND SOUGHT DEPT ASSISTANCE IN FINDING WAY MAKE TOKEN USG CONTRIBUTION TO FUNDING PROJECT. HE STRESSED POINT THAT FOREIGN ARMS COMPANIES, PARTICULARLY GERMAN, IN STRONG COMPETITION FOR THIS PROJECT AND USG SUPPORT WOULD HELP HASNAN HABIB TO SELL LOCKHEED PROPOSAL WITHIN GOI.

2. DEPT OFF SAID THAT IF GOI HAS IN FACT DECIDED TO MOVE AHEAD ON THIS PROJECT WE WOULD CERTAINLY WANT TO SEE AMERICAN FIRM GET THE CONTRACT. POINTED OUT, HOWEVER, THAT THERE SEEMS ALMOST NO RPT NO POSSIBILITY ANY MAP FUNDING FOR PROJECT, AND GOI WOULD PROBABLY HAVE TO GO COMMERCIAL

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ROUTE. DEPTOFF NOTED WE PUZZLED BY HASNAN HABIB REFER-

ENCE TO MAP FUNDING FOR THIS PROJECT BECAUSE MAP FUNDS MORE THAN FULLY COMMITTED TO OTHER JOINTLY AGREED UPON PRIORITY PROJECTS AND GOI HAS NOT INDICATED ANY CHANGE IN ITS PRIORITIES TO ACCOMMODATE PINDAD PROJECT. DEPTOFF ALSO NOTED CONGRESSIONAL CONSTRAINTS ON MAP, BLEAK OUTLOOK FOR

OUT YEARS, AND POLICY AGAINST USING MAP TO FINANCE CONSTRUCTION OF FACILITIES WHICH WOULD COMPETE WITH U.S. PLANTS.

3. MERSCH INDICATED THAT HASNAN HABIB HAD AGREED TO EXPLORE COMMERCIAL FUNDING OF PROJECT WHILE CURRENTLY LOOKING INTO POSSIBILITY GRANT U.S. ASSISTANCE FOR IT. HE IMPLIED THAT APPROACH TO USG FOR SOME PORTION GRANT FUNDING WOULD MEET HIS OBLIGATION TO HASNAN HABIB EVEN IF EFFORT UNSUCCESSFUL. ROGERS

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